

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 AID-05 CEA-01 CIAE-00 COME-00
EB-08 FRB-03 INR-10 IO-13 NEA-10 NSAE-00 USIA-06
OPIC-03 SP-02 TRSE-00 LAB-04 SIL-01 AGRE-00
OMB-01 SS-15 NSC-05 STR-07 /117 W
-----117272 242016Z /50

R 240836Z MAR 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 54
INFO AMEMBASSY LONDON
AMEMBASSY PARIS

C O N F I D E N T I A L SEOUL 2398

E.O. 11652: GDS
TAGS: OECD, KS
SUBJ: KOREAN PARTICIPATION IN OECD

REF: PARIS 9403

1. FROM THE PERSPECTIVE OF SEOUL, WE HAVE LONG CONSIDERED THAT KOREA WOULD EVENTUALLY WANT TO PARTICIPATE IN THE OECD AND THAT THE PRESENT MEMBERS OF THAT ORGANIZATION WOULD FIND IT VERY MUCH IN THEIR INTEREST TO HAVE KOREA JOIN. WE BASED THIS CONCLUSION ON OUR VIEW THAT KOREA WAS AND WOULD CONTINUE TO DEVELOP VERY RAPIDLY AND THAT IT WOULD BECOME IN A MATTER OF YEARS A HIGHLY VISIBLE AND IMPORTANT MEMBER OF THE WORLD TRADING COMMUNITY. TO ILLUSTRATE, THE KOREANS HAVE COMPLETED A 15 YEAR PLAN WHICH PROJECTS EXPORTS OF \$110 BILLION IN CURRENT DOLLARS BY 1991. SUCH A TARGET MIGHT BE TAKEN AS RIDICULOUS, EXCEPT FOR THE FACT THAT KOREAN EXPORTS HAVE AVERAGED 42 PERCENT GROWTH FROM 1962-1976. THE 1991 ATARGET CALLS FOR A COMPOUND GROWTH RATE OF ONLY 19 PERCENT, STARTING FROM THE LEVEL OF \$10 BILLION JUST ACHIEVED IN 1977.

2. KOREA HAS ALREADY BECOME A FACTOR IN THE THREE
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COMMODITY GROUPS REPORTEDLY MENTIONED BY CHO IN REFTELL-- TEXTILES, STEEL, AND SHIPBUILDING -- AND HAVE PLANS FOR CONSIDERABLE FURTHER GROWTH IN THE LATTER TWO. THE CURRENT FOURTH FIVE YEAR PLAN CALLS FOR FURTHER EXPANSION IN ELECTRONICS AND MACHINERY, THE STRATEGY BEING TO PICK COMMODITIES FOR PRODUCTION FIRST WHICH ARE LABOR INTENSIVE AND THEN, ONCE FULL EMPLOYMENT IS ACHIEVED, WHICH PERMIT

INCREASING PRODUCTIVITY AND REAL WAGES. KOREA HAS ALSO BECOME A MAJOR CONSTRUCTION CONTRACTOR IN THE MIDDLE EAST, SIGNING CONTRACTS WORTH \$3.5 BILLION IN 1977, AND EARNING \$1.3 BILLION IN INVISIBLES ON SUCH CONTRACTS THAT YEAR. THUS, UNLESS THE WORLD TRADING SYSTEM UNDERGOES BASIC CHANGES AWAY FROM THE LIBERAL TRADITION, KOREA WILL BE GROWING FACTOR IN EXACTLY THOSE AREAS WHICH THE OECD COUNTRIES CONSIDER THEIR OWN. WE CONCLUDE IT IS EVERYONE'S INTEREST TO BRING THE KOREANS IN AND ENCOURAGE THEM TO BE A RESPONSIBLE MEMBER OF THE WORLD TRADING COMMUNITY.

3. THE ROKG HAS IN RECENT YEARS RECOGNIZED THAT IS IS NO LONGER AN LDC, AS THAT IS NORMALLY DEFINED AND HAS ACKNOWLEDGED THAT IT HAS OBLIGATIONS TO THOSE IT HAS LEFT BEHIND. WHILE THERE IS OFTEN A SHORT-TERM POLITICAL OBJECTIVE IN SUCH ACTIVITIES, IT HAS ALSO FELT A RESPONSIBILITY TO PROVIDE AID AND HAS DONE SO ON BILATERAL AND MULTILATERAL BASES. A TIE TO THE OECD WILL CLEARLY PROVIDE GREATER OPPORTUNITIES TO ENCOURAGE THE ROKG TO INCREASE SUCH CONTRIBUTIONS.

4. A FINAL DIMENSION TO AN OECD ASSOCIATION IS THE PREMIUM IN PLACES ON POLITICAL BEHAVIOR RESPONSIBLE TO WORLD OPINION. GIVEN THE HUMAN RIGHTS PROBLEMS IN KOREA, THE US HAS HAD TO CARRY ALMOST ALL OF THE BURDEN OF URGING PROGRESS IN THIS AREA LEADING TO INEVITABLE TENSIONS. THE
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OECD CONTEXT WILL ALLOW OTHER NATIONS IN THE WESTERN TRADITION TO REINFORCE US VIEWS, AT A TIME WHEN IT IS MOST NEEDED, I.E., WHEN US INFLUENCE AND LEVERAGE ARE LIKELY TO BE ON THE DECLINE AS THE US ROLE AS PATRON AND BIG BROTHER FADES AWAY.

5. WE BELIEVE THE TIMING IS RIGHT FOR THE ROK TO MAKE THE FIRST STEPS TOWARD A CLOSER WORKING RELATIONSHIP WITH THE OECD. AS WAS THE CASE WITH JAPAN IN THE 1960'S, IT WILL BE IMPORTANT TO THE ROK TO CONSULT WITH THE US ON PROPOSED MOVES IN THIS DIRECTION AND TO BE ABLE TO COUNT ON OUR SUPPORT FOR MUTUALLY AGREED ACTIONS. MEMBERSHIP IN THE OECD, IS HOWEVER, CLEARLY AT SOME DISTANCE IN THE FUTURE. AS IN MANY AREAS, IN VIEWING THE OECD KOREA'S EMERGING NATIONALISM AND INDEPENDENCE ARE AT ISSUE AND IT WILL BE IMPORTANT TO OUR FUTURE RELATIONS TO BE AS SUPPORTIVE AS POSSIBLE. EMBASSY REQUESTS, THEREFORE, THAT IT BE AUTHORIZED TO EXPLORE THIS ISSUE WITH THE ROK IN THE CONTEXT OF DEVELOPING A PROGRAM WHICH THE US CAN BOTH SUPPORT AND MAKE EFFORTS TO ASSIST.
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DIPLOMATIC DISCUSSIONS, RELATIONS WITH REGIONAL ORGS, MEETING REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 24 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SEOUL02398
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780131-0004
Format: TEL
From: SEOUL
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780328/aaaaaxgl.tel
Line Count: 115
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 44caadbd-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: ONLY
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: ONLY
Reference: 78 PARIS 9403
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 13 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3211378
Secure: OPEN
Status: NATIVE
Subject: KOREAN PARTICIPATION IN OECD
TAGS: PORG, KS, OECD
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/44caadbd-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014